Lessons Learned from Recent Terrorist and Man-made Disaster Relief Funds: Part 2 of 3

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Summary

Contributing author Bryan Clontz continues his examination of disaster relief funding, this time focusing on post-terrorism relief organizations.

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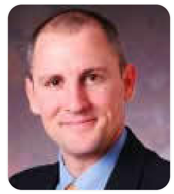

Introduction

As the events of September 11, 2001 tragically emphasized, the United States is not immune to international terrorism. The Boston Marathon bombing of 2013 reinforced that vulnerability, and horrifying human-wrought tragedies such as mass shootings and domestic terrorism seem to be increasing with frightening regularity. According to an FBI study, there has been a dramatic increase in "active shooter events" in recent years. "The rate at which these events occurred went from approximately one every other month between 2000 and 2008 (5 per year) to more than one per month between 2009 and 2012 (almost 16 per year). The authors' tracking also indicates that this increased rate has continued….there were 15 events (in 2013)" (Blair, et. al, 2014).

The number of terrorist attacks on U.S. soil has actually decreased, and the number of resulting fatalities has remained low throughout the country's history. But "the United States has historically been an attractive target for terrorist attacks" (Jensen and Amble, 2014). Given the potential devastation a chemical, biological, or even nuclear terrorist act could unleash, it seems practical for disaster relief organizations to have a plan in place to deal with this possible contingency.

Similar to our earlier paper concerning charitable response to natural disasters, we hope this effort focusing on man-made tragedies will provide insight. Specifically, this paper examines successful strategies to employ, pitfalls to avoid, and issues to consider when undertaking relief efforts for victims of terrorism and mass murder.

Thesis

Some lessons from natural disaster preparedness, donor solicitation, and relief distribution can apply to terrorism and mass-killing funds. However, several differences in both the nature of the attacks and in victims' needs exist, making this study a worthwhile exercise. The acts profiled here generated a spectrum of approaches to victim relief. Some efforts focused on community recovery, others on victim compensation. Some tragedies spurred creation of ad-hoc funds established specifically for those harmed (such as the Boston Marathon bombing). Others received the attention of thousands of charities and a huge outlay of federal government money (in the case of the September 11th attacks). Still others, such as the Sandy Hook Elementary School shooting in Newtown, Conn., took a hybrid approach, with several charities coming together to coordinate fundraising and distribution under the auspices of a well-respected, established entity.

Some strategies that these charitable efforts adopted were met with great success, while other practices sparked tremendous scrutiny and anger. This article will review these initiatives, comparing the number and types of funds dealing with each event. We also will profile some of the largest fundraising organizations, with an eye toward alternative approaches to consider when undertaking efforts to relieve future victims of terrorism and mass killings.

International Terrorism Funds

The commercial airliner hijackings and attacks on the World Trade Center and the Pentagon on September 11, 2001 drove home the United States' susceptibility to international terrorism. The coordinated attacks killed 3,047 in New York, Washington, D.C., and Pennsylvania and caused an estimated $100 billion in damage. That sum does not include lost wages, tax revenue, corporate profits, insurance outlays, and other miscellany, which bring the total to somewhere in excess of $1 trillion (Institute, n.d.). Citizens, governments, and businesses from across the country and around the world responded in the same spirit we have witnessed in other natural and man-made disasters before and since. They opened their hearts and wallets to the tune of $2.8 billion in donations to a reported 369 separate charities – 262 established as a direct result of the attack. About $1.7 billion of that came from individuals, the rest from institutions (Foundation, 2004; Renz and Marino, 2003). Federal aid totaled $27 billion (Foundation, 2004).

Of the total funds charitable organizations collected, the American Red Cross took in $967 million – 44 percent coming in after they had stopped actively soliciting for contributions to its 9/11 Liberty Fund. A similar pattern of giving emerged for the September 11th Fund, a joint venture created by the New York Community Trust and the United Way of New York City to streamline money collection and distribution. It received $76 million of its $425 million total after it announced four months after the events that it did not wish to receive more contributions (Foundation, 2004).

More recently, the homemade bombs planted by Chechen immigrants killed three and injured 264 at the Boston Marathon on April 15, 2013. Economic damage is estimated at $333 million in lost wages, economic activity, and infrastructure repair (Dedman and Schoen, 2013). Again, a heartening charitable outpouring ensued. One Fund Boston, the centralized fund established for the victims, collected $72 million (Doyle, 2014).

EVENT	ESTIMATED DAMAGE ($millions)	TOTAL COLLECTED ($millions)	COLLECTED BY CHARITY ($millions)
SEPTEMBER 11	$100,000	$2,800	RED CROSS - $967 UNITED WAY/NY COMMUNITY TRUST - $425
BOSTON MARATHON	$333	$72	ONE FUND BOSTON - $72
OKLAHOMA CITY BOMBING	$652	$40	UNITED WAY COALITION - $40
SANDY HOOK SHOOTING	$6*	$28	UNITED WAY COALITION - $12.2

*** Though there was little property damage, the school eventually was razed and a new one constructed.**

Domestic Terrorism/Mass-Casualty Incident Funds

While the September 11 cataclysm represented a terrorist attack of unprecedented scale, it was not the first such event on American soil. One of the most devastating terror events prior to 9/11 was perpetrated when Timothy McVeigh and Terry Nichols parked a truck bomb outside the Alfred P. Murrah Federal Building in Oklahoma City on April 19, 1995. The resulting explosion killed 168, injured nearly 700, and caused economic damage of $652 million (Oklahoma City, 1995). More than 30 charities collected $40 million for the victims, disbursing the money through a centralized computer system operated by the Greater Oklahoma City chapter of the United Way. The system worked well enough – getting almost all the contributions into the hands of victims and grantees within 18 months – that relief organizations in Washington, D.C. and New York City used it as a model after the September 11 events (Clay, 2001).

The Sandy Hook Elementary School rampage in Newtown, Connecticut is the final charitable response profiled in this paper. People from around the country responded to the mass murder of 20 children and six adults with $28 million in donations to 80 charities. Most funding was funneled through another pooling of resources among the charities. The local chapter of the United Way again headed this effort, and the Newtown-Sandy Hook Community Foundation collected $12.2 million. This time, however, distribution policies and logistical struggles resulted in angry donors and victims, unmet needs, and a public relations black eye for the nonprofit sector. This and other disaster relief efforts added to the growing intelligence on donor solicitation, transparency, and victim compensation, which helped the Boston Marathon bombing relief effort avoid a similar fate (Walmsley, 2013).

Similarities Among Charitable Responses

The four man-caused tragedies profiled here share several characteristics not seen in natural disasters. First, the casualty totals were much smaller than the typical catastrophic hurricane or earthquake. Second, since the violence was targeted at government, business, or school locations, most victims did not experience homelessness or long-term shortages of food and water.

But these events also shared commonalities that, if deemed appropriate, could be incorporated into future relief efforts, whether man-made or natural.

In all four cases, significant portions of the donations collected came to clearinghouse funds established specifically to cope with victims' needs. In three of the four events, the clearinghouse was the largest fundraiser. And the September 11th Fund was second only to the American Red Cross in collections received. In all four cases, the lead charity in the consortium - or the managers politicians tapped to run the funds - brought with them proven leadership, vast experience, and trusted names in philanthropy circles. The United Way was on point in both Newtown and Oklahoma City. Boston's mayor and Massachusetts' governor called on Kenneth Feinberg, who earlier headed the World Trade Center Compensation Fund, to lead One Fund Boston. The United Way and NY Community Trust used their collective wherewithal to put the September 11th Fund in extremely capable hands. And the American Red Cross, despite questions about its transparency, remains as respected as any charity.

It is safe to assume that the local charities had never before dealt with catastrophes of the magnitude of those examined here. But these local groups had experienced leadership, established protocols, and relationships with the political and business communities that served them well in times of distress. These logistical, communications, and infrastructure systems enabled them to emerge as financial resources for victims. Further, in most cases, the local charities served as rallying points for community resilience and emotional support for victims.

As we will see below, comingling fundraising and distribution efforts to some extent mitigates duplication of efforts, and ensures fewer legitimate needs go unmet. At the same time, charities that come together under umbrella organizations must take pains to not surrender too much autonomy or lose track of their specific charitable niche.

Differences Among the Responses

The Oklahoma City Community Foundation [OCCF] and United Way-led coalition worked hard to avoid duplication of payments, and to align victims' needs with the missions of the foundation's members. Where one charity's bylaws may have prevented it from helping pay tuition for a victim's dependent, another may have had funds that could be tailored to that purpose. And the charity that said "no" to tuition may have funds available to pay for an airline ticket for the student to return for a parent's funeral.

The OCCF coalition took the unusual step of creating a Resource Coordination Committee. Each week the committee met to consider requests for aid. "Each Friday, representatives of about 20 organizations gather[ed] in a conference room to review cases, discuss who [would] pay for what -- and decide what requests [would] simply be rejected.

The United Way kept track of every dollar contributed to an OCCF charity. Each maintained a separate account. When requests came in, an administrator acted as an 'auctioneer' soliciting bids from charities whose mandate and inclination allowed them to fill the need in whole or in part" (Banisky, 1995).

"We knew if we could get a system like this up and running, … we could reassure the donors we could get as much as possible paid out, and there wouldn't be duplicates," noted Karen Britton, vice president and chief financial officer for United Way of Greater Oklahoma City. "I don't know how you would coordinate it any other way" (Clay, 2001).

Unlike the victims in Oklahoma City before it (where most victims were government workers), and Newtown after (where most were suburban school children), the victims of the September 11 attacks were diverse and disparate. The September 11th umbrella group recognized this diversity, and sought to discern and cater to the needs of various ethnic, religious, and socio-economic groups. For instance, many of those killed at the World Trade Center were well-compensated employees of investment banks and Wall Street firms. Others were low-paid retail, restaurant and blue-collar workers, many of whom were minorities.

> We were afraid that low-income families, undocumented workers and immigrants would be the invisible victims of 9/11. With little or no savings, no insurance and little capacity to weather any loss of income, they were and remain the most vulnerable victims…. From the outset, The September 11th Fund was determined that no one would be denied access to assistance programs because of undocumented status. It made a concerted effort to reach out in a variety of languages and advertising in ethnic newspapers and radio stations. Information sessions were conducted in Spanish, Cantonese and Mandarin. (September 11th).

In Newtown, community leaders identified only 40 victims – 26 killed, two wounded, and 12 surviving students who were in the classroom during the rampage. However, even with relatively few victims and families to accommodate, the fund received much criticism – much of it unfounded – from those it intended to help. The controversy began when the foundation's first allocation set aside $7.7 million to give directly to the families: $280,000 per death, $75,000 per injury, and $20,000 per surviving witness. Some of those impacted questioned the wisdom of withholding $4 million for longer-term aid and community services, rather than giving it directly to the victims (O'Malley).

However, from the very beginning, the foundation made it clear to donors that "the fund was unrestricted and that the local community leaders would determine the uses of the fund" (Newtown).

Indeed, one of the three main points learned from previous disasters that the foundation made sure to incorporate into its mission was "reserving funds for long-term, unforeseen needs."

Foundation officials maintain that "the public description of the fund was consistent, and reasonable donors who read the description would recognize that it was a community fund, not a victim compensation fund. When a donor directly contacted the United Way … and there was a request or desire for a specific purpose for the donation … [staff] referred the donor to a variety of other funds that would fit the request" (Newtown, 2013).

DISASTER RESPONSE	STRENGTHS	WEAKNESSES/CRITICISMS
SEPTEMBER 11	Charity-government cooperation Outreach to diverse social, economic, and racial demographics	Mediocre message/media management
BOSTON MARATHON	Single fund - easy to donate Distribution speed Transparency	Lax oversight of authenticity of some medical claims
OKLAHOMA CITY BOMBING	Resource Coordination Committee Centralized donation database	Failure to communicate that funds were for community needs, and not strictly for victim compensation
SANDY HOOK SHOOTING	Learned from mistakes and made adjustments	Poor communication regarding how funds would be disbursed

Lessons and Future Considerations

OPEN COMMUNICATION

Situations in which relief organizations have been less than transparent created wary and skeptical victims and donors. They expect – and deserve – openness about what contributions will be used for, which victims will benefit, and both when and how the money will be distributed.

Stephen Solender, chief executive officer of United Services Group, says communicating mission and policies must start before solicitation efforts, and should continue throughout the campaign.

"I think we probably need to spend money on public information ads from the beginning – ads that explain how to access our services, the guidelines people need to follow, how contributions are being used, and so on. We need to make ourselves much more consumer-friendly from the start" (Coordinating, 2003).

Most of the charities this paper examines also emphasized the importance of explaining policies to the media. Like the victims, the first responders, the local charity chapters themselves, and many of the journalists covering a terrorist or mass casualty event, will be doing so for the first time. They will witness suffering, and wonder in print why more isn't being done, why money sits undistributed, and how long-term effects of the calamity will be paid for. Norman Taylor, CEO of the United Way of the National Capital Area, a major participant in the September 11th Fund, witnessed the media feeding frenzy first hand.

"Immediately following the tragedy the media called us nonstop. The tone of those calls changed within three weeks to wanting information about how the money would be distributed. I must say that the concept of 'long-term' fell on deaf ears. It was expected that the dollars would simply be divided up and distributed to the families in even proportion" (Washington, n.d.).

Solender believes correspondents new to disaster reporting, desperate for stories and eager to beat their deadlines, "grab hold of the [distribution] issue … and write about it without fully understanding the context" (Coordinating, 2003).

NIMBLENESS AND ADAPTABILITY

Transparency is only half the battle. Charities must also adapt their skills and resources to tackle the most pressing problems and do the most good. They must do this while remaining within the parameters set by their mission statements and the policies they have established for donations and victim relief.

In other words, "charities soliciting from the general public need to meet two conflicting challenges. Their appeals should be specific enough to tell the potential donor how the funds will be used, but broad enough to permit flexibility to respond to needs as they become known" (Ford, 2003).

This question of flexibility has endured its share of controversy, as some commentators question charities' decisions to hold funds in reserve for mental health counseling, college scholarships, lingering health problems, and other long-term effects of recent disasters. Doubts arise even when the charities clearly state these policies from the outset. Even more controversial is the tendency for relief organizations to use a portion of funds collected in the wake of tragedy for future natural or man-made disasters, poverty relief, disaster preparedness, or other vague purposes. Again, these intentions may be fully communicated from the beginning, but critics argue that a spike in donations following a high-profile disaster most likely comes from people and organizations moved to help those immediate victims, and should be used for their benefit.

Experts expect disaster relief organizations to look for ways to increase their flexibility in disbursing funds while at the same time mitigating the questions surrounding the ethics of doing so. The American Red Cross, for example, takes great pains to emphasize to donors that it may use unrestricted donations for other purposes, and also encourages them to make unrestricted donations. Further, the Red Cross informs donors when it no longer needs or requests additional funds for a particular cause (Katz, 2003).

DIVERSE PUBLIC INPUT

Flexibility also means shifting gears when new information becomes available, or when it becomes apparent that the charity's leadership or mission overlooked an important detail. One Fund Boston, by most accounts the most successful of the charities described here, earned high marks from victims because of its openness to input from victims, the public, and other stakeholders. This willingness to listen should remain an important consideration, especially in man-caused disasters that traumatize whole communities, who must come together in order to heal.

One Fund Boston conveyed this community spirit throughout its operations. This included the name of the fund, asking for input on its disbursal formula and timeline, and fostering a spirit of cooperation among leaders and agencies unconcerned about collecting credit or deflecting blame (Boston University, 2014).

By embracing transparency and public engagement as a guiding value, the One Fund Boston Board conveyed the message that the Fund was a community initiative.

> From posting the draft protocol online, to holding town hall meetings in order to request input on the proposed disbursal engine, to creating a survivor advisory panel, to amending the criteria for eligibility because of feedback received, to undergoing two rigorous self-imposed audits, the One Fund Boston encouraged (and exemplified) a climate of openness and candor, two attributes shared by the public officials and private sector leaders who helped shape the organization. The broader lesson learned is that transparency is good practice and breeds good will; in a different context where Fund administrators had been less forthcoming, people would have been less likely to donate, even if they were inclined to support the cause that the charity represented (Boston University, 2014).

Boston and Newtown, the events with the fewest casualties among the tragedies profiled here, were able to categorize victims according to how severely they were impacted. Then, the funds treated everyone within a category the same way: Families that lost a loved one received the most financial assistance, and survivors received compensation according to the severity of their injuries.

COMMUNICATION	ADAPTABILITY	PUBLIC INPUT
Explain how funds will be used: What will be purchased? How will victims be identified and classified?	Clearly identify the mission. Worh with other charities to complement each other's mission and direct donors who wish to	Recruit a wide spectrum of community leaders to serve as an advisory board. Actively solicit suggestions and questions from all

Engage and inform the media of work performed. Be accessible to victims, and designate case workers to shepherd them through the claim process.	restrict their contributions. Be willing to adapt to circumstances and new information.	stakeholders, including donors, victims, religious leaders, governments, etc. Admit mistakes, and work to correct them during subsequent rounds of fundraising or disbursal.

Because donations kept coming after the initial distributions, both funds were able to make second allotments, which addressed any imperfections in earlier planning, methodology, or execution (Boston University, 2014).

By practicing the concept of "swarm intelligence," the funds – especially One Fund Boston – unified their missions, stimulated giving, and built and capitalized on everyone's strengths. They accomplished this by delegating "decision-making and action among city, state, and federal government agency leaders, elected officials, business leaders, philanthropists and the community. Together, leaders were able to effectively link and leverage what they knew, their assets and resources, and their operations in order save lives, apprehend the suspects, and encourage the resilience of the community" (Marcus, et. al).

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Additional Installments:

[Lessons Learned from Recent Natural Disaster Relief Funds: Part 1 of 3]

[Immediate Response Considerations and Checklist for Terrorist, Man-made or Natural Disaster Relief Funds: Part 3 of 3]

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